

Is RJR just blowing smoke with new brand?

Have those offbeat cigarette brands marketed by a unit of R.J. Reynolds Tobacco lost some of their steam?

These are brands like Sedona, Jumbos and B's, appearing in very attractive packaging.

Reynolds' Moonlight Tobacco Co. based in Advance, N.C., not far from the parent's Winston-Salem corporate office, has popped a new label called House Blend into Chicago and selected other markets.

It's supposed to have an aromatic blend that will please smokers, especially at coffee-sipping time.

That's brand No. 10 since Moonlight began selling these offbeat brands in September 1995.

However, Moonlight has "retired" four of the previously introduced brands—Politix, Metro, North Star and City—saying it wants to concentrate on its better sellers.

While Moonlight says it's committed to these niche brands, an industry source says sales of these cigarettes have been mediocre.

Aside from Sedona, only available in New York and Chicago, the other brands—Jumbos, B's, Planet, Icebox and the new House Blend—have limited distribution here, and in New York, Seattle, Cleveland, Portland, Ore., and North Carolina.

Whether all these brands combined could ever reach 0.5 percent market share is a challenge, but Moonlight wants to remain in the market.

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ON MARKETING



Analysts view these cigarette brands like microbrews that appeal to smokers looking for something different. So the marketing theory behind them makes sense, but the economics of producing limited numbers of cigarette brands may not add up.

Moreover, lurking as a potential problem are activist groups, who view these cigarette brands as preying on younger smokers.

Reynolds itself has had some tough sledding lately competing against Philip Morris USA.

Data from analyst John C. Maxwell Jr. shows Philip Morris climbing to a 47.8 percent market share of the 483 billion units sold in this country in 1996. That percentage is almost double Reynolds' 24.6 percent for last year.

Reynolds' market share dipped from 25.7 percent, while Philip Morris increased from 46.1 percent, both for 1995, according to Maxwell of Wheat First Butcher Singer, Richmond, Va.

Snapple decision near?

Quaker Oats Co.'s board of directors holds a meeting Wednesday, with discussion certain to

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